

**CITY OF EDDYVILLE AND  
EDDYVILLE MUNICIPAL WATERWORKS**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

**FOR THE PERIOD  
JULY 1, 2020 THROUGH JUNE 30, 2021**

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City of Eddyville and  
Eddyville Municipal Waterworks

**City of Eddyville and  
Eddyville Municipal Waterworks**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Expires</u>
<b>City:</b>		
Doug Greenlee	Mayor	Jan 2022
Bill Liles	Council Member	Jan 2024
Nancy Lightle	Council Member	Jan 2024
Travis Strunk	Council Member	Jan 2022
Nick Batterson	Council Member	Jan 2022
Brent Jackson*	Council Member	Resigned
Tod Kelsey **	Council Member	Jan 2022
Katie D. Smith	City Clerk/Treasurer	Indefinite
Heather Simplot	Attorney	Indefinite

**Waterworks:**

Alan Katko ***	Waterworks Trustee	Resigned
Rod Ashman ****	Waterworks Trustee	Jan 2025
Scott Eissens	Waterworks Trustee	Jan 2027
Dale Vroegh	Waterworks Trustee	Jan 2022
Katie D. Smith	Clerk	Indefinite

\* - Resigned in September 2020.

\*\* - Appointed in November 2020.

\*\*\* - Resigned in September 2020.

\*\*\*\* - Appointed in September 2020.



Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor, Members of the City Council  
and Members of the Waterworks Board of Trustees

We performed the procedures below, which were established at Iowa Code Chapter 11.6, to provide oversight of Iowa cities. Accordingly, we have applied certain procedures to selected accounting records and related information of the City of Eddyville (City) and the Eddyville Municipal Waterworks (Waterworks) for the period July 1, 2020 through June 30, 2021, including procedures related to the City's and Waterworks' compliance with certain Code of Iowa requirements identified below. The City of Eddyville's and Waterworks' management, which agreed to the performance of the procedures performed, is responsible for compliance with these requirements and for the City's and Waterworks' records.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. The City of Eddyville's and Waterworks' management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose to report, in accordance with Chapter 11.6 of the Code of Iowa, recommendations pertaining to selected accounting records and related information of the City and Waterworks including the City's and Waterworks' compliance with certain Code of Iowa requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed are summarized as follows:

1. We observed selected City Council and Waterworks Board meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. We obtained an understanding of the City's and Waterworks' internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. We observed surety bond coverage for compliance with Chapter 64 of the Code of Iowa.

4. We obtained and observed the City Clerk's and Waterworks' financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council and Waterworks Board.
5. We scanned City and Waterworks' funds for consistency with the City Finance Committee's recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. We observed the City's fiscal year 2021 Annual Financial Report to determine whether it was completed and accurately reflects the City's financial information.
7. We scanned investments to determine compliance with Chapter 12B of the Code of Iowa.
8. We scanned depository resolutions, the City's and the Waterworks' investment policy and reporting of unclaimed property to the State of Iowa to determine compliance with Chapters 12C.2, 12B.10B and 556.1(12) of the Code of Iowa.
9. We scanned debt, including general obligation and revenue bonds/notes, and related transactions for proper authorization and compliance with Chapters 75, 384 and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for.
10. The City had no TIF.
11. We traced selected receipts to accurate accounting and consistency with the recommended COA.
12. The City had no voter approved levies.
13. We traced selected disbursements to proper approval, adequate supporting documentation, accurate accounting and consistency with the recommended COA and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
14. We traced transfers between funds to proper authorization and accurate accounting and to determine whether transfers were proper.
15. We traced selected payroll and related transactions to proper authorization and accurate accounting and determined whether payroll was proper.
16. We observed the annual certified budget for proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, we identified various findings and recommendations for the City and Waterworks. Our findings and recommendations are described in the Detailed Findings and Recommendations section of this report. Unless reported in the Detailed Findings and Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

We were engaged by the City of Eddyville's and Waterworks' management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on specific accounting records and related information of the City and Waterworks, including compliance with specific Code of Iowa requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City of Eddyville and the Eddyville Municipal Waterworks and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is to report, in accordance with Chapter 11.6 of the Code of Iowa, certain agreed-upon procedures and the resulting findings and recommendations pertaining to selected accounting records and related information of the City and Waterworks, including the City's and Waterworks' compliance with certain Code of Iowa requirements. This report is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Eddyville and the Eddyville Municipal Waterworks during the course of our agreed-upon procedures engagement. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Faller, Kincheloe & Co, PLC

November 1, 2021

## Detailed Findings and Recommendations



CITY OF EDDYVILLE AND EDDYVILLE MUNICIPAL WATERWORKS  
DETAILED RECOMMENDATIONS  
For the period July 1, 2020 through June 30, 2021

**City:**

(A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Generally, one or two individuals have control over each of the following areas for the City of Eddyville (City):

1. Cash – reconciling bank accounts, initiating cash receipts and handling and recording cash.
2. Investments – detailed record keeping, custody and reconciling.
3. Long-term debt – recording and reconciling.
4. Receipts – collecting, depositing, posting and reconciling.
5. Accounting system – performing all general accounting functions and having custody of City assets.
6. Disbursements – preparing checks, signing checks and access to the accounting records.
7. Payroll – recordkeeping, preparation and distribution.
8. Utilities – billing, collecting, depositing and posting.
9. Financial reporting – preparing and reconciling.
10. Journal entries – preparing and journalizing.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the City should review their control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. Independent reviews of reconciliations should be evidenced by the signature or initials of the reviewer and the date of the review.

(B) Certified Budget – Disbursements during the year ended June 30, 2021 exceeded the amounts budgeted in the public safety, community and economic development and the general government functions. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

(C) City Council Minutes – Chapter 372.13(6) of the Code of Iowa requires the minutes of all City Council proceedings to include a list of all claims allowed, total disbursements from each fund and a summary of all receipts. Furthermore, this documentation is required to be published in a newspaper of general circulation of the City. We noted that the City did not publish the minutes and related required documentation for one meeting.

Recommendation – The City should comply with Chapter 372.13(6) of the Code of Iowa in relation to the City Council minutes, proceedings and publications.

# CITY OF EDDYVILLE AND EDDYVILLE MUNICIPAL WATERWORKS

## DETAILED RECOMMENDATIONS

For the period July 1, 2020 through June 30, 2021

### **Waterworks:**

(A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Generally, one or two individuals have control over each of the following areas for the Eddyville Municipal Waterworks (Waterworks):

1. Cash – reconciling bank accounts, initiating cash receipts and handling and recording cash.
2. Investments – detailed record keeping, custody and reconciling.
3. Receipts – collecting, depositing, posting and reconciling.
4. Accounting system – performing all general accounting functions and having custody of City assets.
5. Disbursements – preparing checks, signing checks and access to the accounting records.
6. Payroll – recordkeeping, preparation and distribution.
7. Utilities – billing, collecting, depositing and posting.
8. Financial reporting – preparing and reconciling.
9. Journal entries – preparing and journalizing.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the Waterworks should review their control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including appointed officials. Independent reviews of reconciliations should be evidenced by the signature or initials of the reviewer and the date of the review.